

January 16, 2003

## **Conveyance Agreement Summary**

### ***Cargill Salt Property, San Francisco Bay, CA***

Cargill will convey properties in the South San Francisco Bay and along the Napa River for \$100 million to the State and federal governments. The Conveyance Agreement being finalized among Cargill, the United States and the State of California specifies which properties are being acquired and includes terms and conditions of the transaction.

- The transaction relates to approximately 16,500 acres of real property and other real property rights located along the South San Francisco Bay and the Napa River, as shown on the attached map, including:
  - Approximately 9,600 acres ( a combination of fee title and reserved salt-making and other property rights) in Alameda, San Mateo and Santa Clara Counties known as the Alviso evaporating ponds and the West Bay evaporating ponds, to be acquired by the United States.
  - Approximately 6,900 acres ( a combination of fee title and reserved salt-making and other property rights) in Alameda and Napa Counties known as the Baumberg evaporating ponds and the Napa plant site, to be acquired by the State.
- The \$100 million negotiated purchase price is payable as follows at closing, which is scheduled for March 6, 2003:
  - \$72 million – State
  - \$8 million – United States
  - \$20 million – Hewlett, Moore and Packard Foundations and Goldman and Resources Legacy Funds
- The United States contracted an independent appraisal of the property to State and federal standards. Cargill believes the negotiated purchase price is below the value of the property and intends to seek a tax benefit for this transaction. The amount of any charitable gift will be determined by relevant government authorities. The United States and the State will each acknowledge Cargill's intent to make a charitable contribution and accept such gift of the property to the extent the fair market value exceeds the purchase price. Neither the United States nor the State has made or is making any guarantee regarding the tax treatment of the transaction.
- The parties' obligations to close the transaction are subject to conditions, including:
  - Cargill, the United States and the State must have performed any pre-closing obligations under the Phase Out Agreement (which is being disclosed concurrently with this summary)
  - The United States and the State must approve title of the property and be reasonably satisfied with matters disclosed by their surveys of the property

- Neither the United States nor the State is releasing Cargill from any liability for the clean up of hazardous materials required under applicable law.
- The United States and the State must formally designate all recognized environmental conditions to be addressed by Cargill. The “Overview of Environmental Site Assessments” includes the conditions the United States and the State have identified.
- Cargill is responsible for addressing 35 wells on portions of the property in Alameda County to the satisfaction of the Alameda County Water District and other applicable authorities.
- Cargill will provide the United States and the State with financial security for any environmental work not completed by the close of escrow and for the well work on State property.
- Cargill will remove agreed upon debris and other items from the property.
- The United States will not take title to Pond SF2, located in the West Bay, until lead shot and clay pigeon debris are removed from the property by the San Francisco Public Utilities Commission, which is responsible for cleaning up problems created by an adjacent skeet club.
- Except as specified in the Conveyance Agreement and the Phase Out Agreement, the United States and the State are acquiring the property in its current condition.
- The Conveyance Agreement is subject to approval by the California Wildlife Conservation Board, which will consider the issue at its Feb. 11, 2003, public meeting, and by the Director of the California Department of General Services following WCB action.

